

FORM APPROVED OMB NO. 0575-0118

<b>USDA-FmHA</b> Form FmHA 1956-1 (Rev. 2-94)		ADVISE NUMBER _____ TAXPAYER IDENTIFICATION NUMBER (1) _____ DATE (2) 19____ STATE AND COUNTY OFFICE CODE _____ CASE NO. (3) _____ (4) <input type="checkbox"/> COMPROMISE <input type="checkbox"/> ADJUSTMENT <input type="checkbox"/> CHARGE OFF <input type="checkbox"/> CANCELLATION			
<b>APPLICATION FOR SETTLEMENT OF INDEBTEDNESS</b>					
<b>PART I GENERAL INFORMATION (5)</b>					
A. I (We) _____ and _____ of _____ hereby request that my (our) indebtedness described in Part II (A) below be considered for settlement pursuant to the pertinent law and regulations and certify that the following statements are true and correct to the best of my (our) knowledge and belief. B. ARE OF DEBTOR _____ YEARS; CO-DEBTOR _____ YEARS; DEPENDENT CHILDREN _____ NAME, AGE, AND RELATIONSHIP OF OTHER DEPENDENTS _____ PRESENT PHYSICAL CONDITION OF DEBTOR(S) <input type="checkbox"/> GOOD <input type="checkbox"/> FAIR <input type="checkbox"/> POOR (describe in PART VIII)					
<b>PART II DEBTS OWED TO THE DEPARTMENT OF AGRICULTURE (6)</b>					
LOAN CODE IDENTIFICATION (1)	FINAL DUE DATE (2)	ORIGIN (L) AMOUNT (3)	UNPAID BALANCE (4)		
			INTEREST PRINCIPAL TOTAL		
(A) FmHA DEBTS FOR WHICH SETTLEMENT IS REQUESTED:					
(B) OTHER DEBTS OWED FmHA					
(C) DEBT OWED OTHER AGENCIES OF DEPARTMENT OF AGRICULTURE					
TOTALS					
<b>PART III INCOME AND EXPENSES OF APPLICANT FAMILY AND PAYMENTS MADE ON DEBTS (7)</b>					
(A) TOTAL GROSS INCOME LAST CALENDAR YEAR (19__)		(B) ESTIMATED TOTAL GROSS INCOME PRESENT CALENDAR YEAR (19__)		(C) ESTIMATED TOTAL GROSS INCOME NEXT CALENDAR YEAR (19__)	
SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT
TOTALS					
PRESENT PRINCIPAL EMPLOYMENT					
(B) FAMILY LIVING EXPENSES DURING CALENDAR YEAR			(E) PAYMENTS MADE BY FAMILY DURING CALENDAR YEAR		
	PRESENT	NEXT		PRESENT	NEXT
Food	\$	\$	Real Estate Loans	\$	\$
Rent			Secured Chattel Debts		
Personal Care			Unsecured Creditors		
Household Operating			Farmers Home Administration	\$	\$
House & Household			Others		
Appliance Repairs			TOTALS	\$	\$
School, Church & Recreation			(F) SUMMARY DURING CALENDAR YEAR	PRESENT	NEXT
Insurance:			1. Total Income - (A)	\$	\$
Personal			2. Total Expense (B) + (C) + (D) + (E)		
Property			3. Loans To be Received		
Liability			4. Total Available (1. - 2. + 3.)		
Other			5. Capital Expenditures		
TOTAL FAMILY LIVING EXPENSE	\$	\$	6. Balance Available To Pay Debts (4. - 5.)		
(C) FARM OR BUSINESS OPERATING EXPENSE (Excluding interest)	\$	\$	7. Balance Available To Pay FmHA Debt	\$	\$
(D) ALL TAXES	\$	\$			

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, D.C. 20250, and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0118), Washington, D.C. 20503. Please DO NOT RETURN this form to either of these addresses. Forward to FmHA only.

If the decision contained above in this form results in denial, reduction or cancellation of FmHA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form as here included for this purpose.

Form FmHA 1956-1 (Rev. 2-94)

Used by Debtors to request settlement of indebtedness.

Used by County Supervisor/District Director/State Director and County Committee to make recommendations concerning settlement of indebtedness.

Used by State Directors and the Administrator to approve settlement of indebtedness and transmit information to the Finance Office.

Used for housing debts only when borrower is making a compromise or adjustment offer. All other housing actions use Form FmHA 1956-2.

(see reverse)

**PROCEDURE FOR PREPARATION**

: FmHA Instructions 1956-B and 1956-C.

**PREPARED BY**

: Debtor or County Supervisor or District Director.

**NUMBER OF COPIES**

: Original and two copies.

**SIGNATURES REQUIRED**

: Original by Debtor (unless not required by instructions), County Committee (unless not required by instructions), County Supervisor or District Director or State Director and approval official.

**DISTRIBUTION OF COPIES**

: After approved  
 - Original to State Office files.  
 - Copy to Borrower's case files  
 - Copy used as input document to ADPS, unless coded as a "Compromise," "Adjustment," or "Bankruptcy," or if the fund code is greater than 49. IF coded as a "Compromise," "Adjustment," or "Bankruptcy," or if the fund code is greater than "49" the copy must be sent to the Finance Office for processing.

**ADPS RELATED TRANSACTION CODES**

3K, Debt Settlement

## INSTRUCTIONS FOR PREPARATION

- (1) Insert taxpayer identification number (TIN) or borrower's social security number (SSN) and Advise Number if the property has been acquired. When TIN or SSN are not available, enter 000-00-0000.
- (2) Insert date Debtor signs application, if signature required. Insert date County Supervisor/District Director completes form in all other cases.
- (3) Insert debtor case number, Multi-housing debtors must include the project number as part of the case number.
- (4) Check appropriate block.
- (5) PART I A. Complete name and last known address for all debtors whose debts are being settled.  
B. For Community and Business Program or Multi-housing Programs, complete only when applicable.
- (6) PART II Complete all items for every debt for which settlement is requested.
- (7) For Community and Business Programs or Multi-housing Programs, Parts III and IV should be completed when the debtor is an individual(s) unless Part V is more appropriate.

For Farmer Programs, Parts III and IV should be completed by debtor or County Supervisor except in the following cases:

- a. Debtor is deceased and debt is being settled under FmHA Instruction 1956-B, section 1956.70(b)(1).
- b. Debtor has disappeared and debt is being settled under FmHA Instruction 1956-B, section 1956.70(h)(2), or section 1956.75(a)(2).
- c. Debtor has been discharged in bankruptcy and debt is being settled under FmHA Instruction 1956-B, section 1956.70(b)(3).
- d. Debt is being charged off under FmHA Instruction 1956-B, section 1956.75.





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**PART VI DEBTOR'S OFFER AND CERTIFICATION (continued)**

(E) In making this offer of settlement, I (we) understand and agree that (1) the amount offered will be deposited in the United States Treasury and held in suspense pending consideration of the offer, (2) if the offer is accepted I (we) will be notified, and (3) if the offer is rejected, I (we) will be notified and the amount offered will be returned in the form of a United States Treasury check.

(F) All of the debts referred to in Part II (A) have been discharged in bankruptcy. Yes No

(G) Witness: \_\_\_\_\_ Debtor: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Witness: \_\_\_\_\_ Debtor: \_\_\_\_\_  
 Address: \_\_\_\_\_

(H) This application for debt settlement has been adopted by the \_\_\_\_\_ of the \_\_\_\_\_ and caused to be executed by the officers below on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

Attest: \_\_\_\_\_ By: \_\_\_\_\_  
 Title: \_\_\_\_\_ (SEAL) Title: \_\_\_\_\_

**PART VII FmHA COUNTY COMMITTEE RECOMMENDATION (10)**

To the best of our knowledge and belief the statements made by the debtor(s) in this application are true; we know of no assets or income of the debtor(s) which are not disclosed in the application, and we recommend that the proposed settlement be ☐ accepted ☐ rejected.

(Date) \_\_\_\_\_, 19\_\_\_\_

(Signature)

(Signature)

(Signature)

**PART VIII RECOMMENDATION AND APPROVAL**

I find from the statements and disclosures of the debtor(s) that the requirements of the pertinent law and regulations ☐ have ☐ have not been satisfied.

I recommend the ☐ acceptance ☐ rejection of the application of the debtor(s) as set out in Part VI hereof.

REMARKS: (Use a separate sheet, if necessary)

(11)

\_\_\_\_\_, 19\_\_\_\_

County Supervisor District Director

(Address)

This settlement is ☐ recommended ☐ approved ☐ rejected under the authority contained in pertinent law and regulations.

State Director

Date

This settlement is ☐ approved ☐ rejected under the authority contained in pertinent law and regulations.

Administrator

Date

(10) Complete as required by FmHA Instruction 1956-B or FmHA Instruction 1956-C, section 1956.109(d).

(11) Insert complete justification for recommendation made.